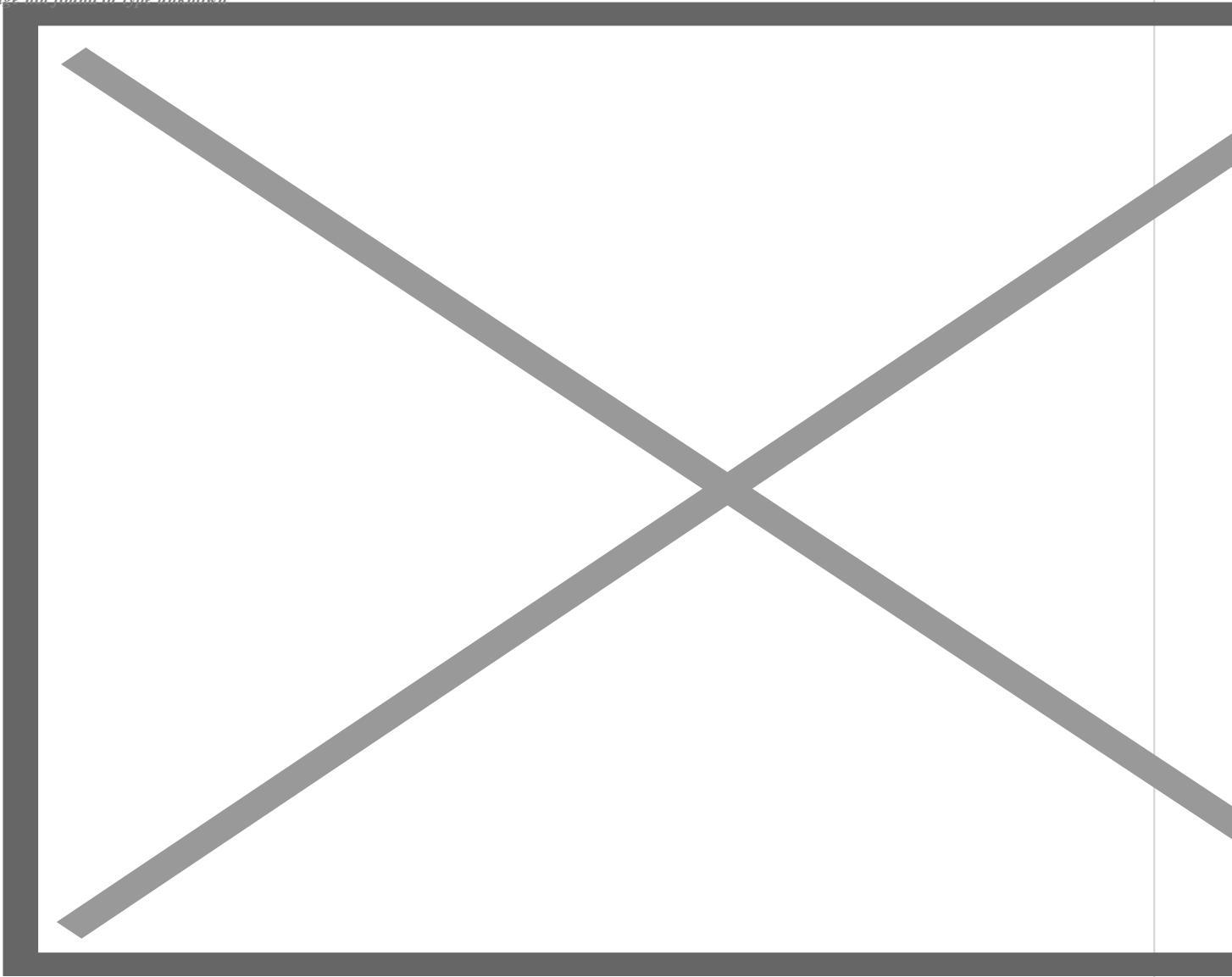


Oil prices of Brent crude hit \$60 a barrel

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Oil prices rose to their highest levels in over a year on Monday, as output cuts and US stimulus hopes drive crude higher. (Photo: Ints Kalnins/Reuters)

Houston, February 8 (RHC)-- Oil prices rose on Monday to their highest in just over a year, with Brent nudging past \$60 a barrel, boosted by supply cuts among key producers and hopes for further economic stimulus measures in the United States that can boost demand.

Global benchmark Brent crude was up 68 cents, or 1.2 percent, at \$60.02 a barrel by 14:42 GMT, while US benchmark West Texas Intermediate rose 68 cents, or 1.2 percent, to \$57.53 a barrel.

“Managing to breach \$60 again feels like the market is finally resurfacing after the long struggle and [taking] a proper breath,” said Rystad Energy’s vice president for oil markets Paola Rodriguez-Masiu. “It offers a feeling of normality again.” Both contracts were at their highest levels since January 2020.

“Oil prices are back close to pre-pandemic levels,” said Norbert Rucker, analyst at Swiss bank Julius Baer. “Support seems robust and the narrative sees the oil market swiftly burning through the remaining crisis surplus, potentially running into tightness later this year,” he added.

The oil market continues to tighten, with Saudi Arabia pledging extra supply cuts in February and March following reductions by other members of the Organization of the Petroleum Exporting Countries and its allies.

In a sign that prompt supplies are tightening, the six-month Brent spread hit a high of \$2.54 on Monday, its widest since January last year. OCBC economist Howie Lee said the world’s top exporter, Saudi Arabia, sent a “very bullish signal” last week when it kept monthly crude prices to Asia unchanged despite expectations for small cuts. “I don’t think anybody dares to short the market when Saudi is like this,” he added.

A weaker dollar against most currencies on Monday also supported commodities, with dollar-denominated assets becoming more affordable to holders of other currencies. Investors are also keeping a close watch on a \$1.9 trillion COVID-19 aid package for the US that is expected to be passed by lawmakers as soon as this month.

And hopes that Iranian oil exports would soon return to the market have been dampened, further supporting oil prices. President Joe Biden said the U.S. would not lift sanctions on Iran simply to get it back to the negotiating table, while Iran’s Supreme Leader Ayatollah Ali Khamenei said all sanctions should be lifted first.

Stronger crude prices are meanwhile encouraging U.S. producers to increase output. The U.S. oil rig count, an early indicator of future output, rose last week to its highest since May, according to energy services firm Baker Hughes Co.

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